



Department of Energy
P. O. Box 2567
Grand Junction, CO 81501

May 10, 1979

Mr. George Warnock
Todilto Expl. & Dev. Corp.
3620 Wyoming Boulevard, NE, Suite 201
Albuquerque, New Mexico 87111

Dear Mr. Warnock:

Subject: MINING LEASE NO. AT(05-1)-ML-60.8-NM-B-1

Article VI of the mining lease referenced above provides for a minimum royalty to be paid to the U.S. Department of Energy.

This letter is simply to remind you of this provision and that the minimum royalty will be due for this lease on June 12, 1979. Since some of our lessees have expressed some misunderstanding in this regard, you are further advised that such annual minimum royalties are to be paid irrespective of the amount of production royalty which may have been paid pursuant to Appendix B of each lease. As provided in Article VI, however, minimum royalties paid will be credited against production royalties which become payable during the lease term.

Sincerely,

A handwritten signature in dark ink, appearing to read "Donald L. Everhart", is written over the typed name.

Donald L. Everhart
Manager

bcc: H. Albrethsen, Jr. ✓
G. R. Grandbouche
G. C. Ritter, BFEC